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FAX BROADCAST COVER SHEET

May 17, 1996

From:

H. Eugene Lockhart

President and Chief Executive Officer

TOTAL NUMBER OF PAGES 3

To:

INDIVIDUAL/APPILLATION

TELECOPIER NUMBER

Messrs:

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HOUSEHOLD CREDIT SERVICES INC.

NORMAN J. TICE

BOATMEN'S CREDIT CARD BANK

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216-689-9950

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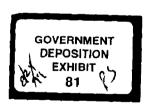
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ARTHUR B. ZIEGLER



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GOVERNMENT DEPOSITION EXHIBIT 149

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9H-249-2006 Internet Husbic Pages http://forenew.mastercand.com MusierCard International

May 17, 1996

To: The MasterCard International Board of Directors

From: H. Eugene Lockhart

President and Chief Executive Officer

On Thursday, May 1, 1996, Harvey Golub, Chairman of American Express, made a presentation at the Credit Card Forum meeting in Adanta, Georgia.

As has been widely chronicled, Mr. Golub's comments attacked Visa and its rule against its U.S. members participating in competing programs, such as American Express, and offered bankcard members the opportunity to negociate their possible participation in American Express. Mr. Golub further suggested that members approach MasterCard about this possibility since MasterCard doesn't have a similar rule.

Needless to say, Mr. Golub's comments have created some controversy. We feel it best to advise our members of the next steps MasterCard will take in response to his offer. The Senior Management of MasterCard, at a recent meeting, discussed this issue at length and concluded that allowing members to take advantage of Mr. Golob's proposal would not be in the best interest of the MasterCard brand. The members of Senior Management felt this was an issue that must be addressed with the Executive Committee and the Board in June, so that MasterCard can amounce the formal position adopted by the Board to the membership. In the interim, we feel it is appropriate that MasterCard management advise its U.S. members to withhold taking any action until the review process has been concluded and our formal position announced.

Attached, for your information, is the notice that will be sent to members today. We will provide the Board and Executive Committee with a detailed write up of this issue for consideration at the June meetings.

If you have any questions in the interim, please feel free to call me at 914-249-5100.

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To U.S. Region Principal Contacts and U.S. Region Business Committee

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Christopher D. Thom
Executive Vice President, Franchise Management

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MasterCard Response to American Express Comments

This bulletin is intended to inform MasterCard members of management's reaction to comments by Harvey Golub, Chairman of American Express, during his presentation at the Credit Card Forum held in Atlanta, Georgia on Thursday, 1 May 1996.

As has been widely chronicled, Mr. Golub attacked Visa and its rule against its members participating in competing programs, such as American Express, and offered bankcard members the opportunity to negotiate their possible participation in American Express. Mr. Golub further suggested that members approach MasterCard about this possibility because MasterCard doesn't have a similar rule.

MasterCard management's initial reaction is one of serious concern that allowing MasterCard members to participate in the American Express program would not be in the best interest of the MasterCard brand. A formal recommendation will be made to the Board of Directors at its meeting at the end of June following a detailed analysis of this issue. We expect to announce MasterCard's formal position shortly after the board meeting. We suggest that our members not take any action at this time with respect to Mr. Golub's offer.

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Franchise Management Bulletin

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